

Department of Health and Human Services

# Medicaid Management Information System

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**FISCAL RESEARCH DIVISION**  
A Staff Agency of the North Carolina General Assembly

# Agenda

- IT Projects
- Medicaid Management Information System (MMIS)
- MMIS in North Carolina
- Project Management
- Issues
- Questions

# Successful IT Projects

- Adhered to schedule
- Resisted changes to the project's scope
- Broke the project into discrete modules
- Assembled the right team, including IT experts from their organization, outside experts, and vendors
- Prevented turnover among team members
- Framed the initiative as a business endeavor, not a technical one
- Focused on a single target, readiness to go live, measuring every activity against it

Harvard Business Review, September 2011, Flyvbjerg and Budzier

# What is a Medicaid Management Information System (MMIS)?

- The MMIS is an integrated group of procedures and computer processing operations (subsystems) developed at the general design level to meet principal objectives.
- The objectives of this system and its enhancements include:
  - Program control and administrative costs
  - Service to recipients, providers and inquiries
  - Operations of claims control and computer capabilities
  - Management reporting for planning and control.

Centers for Medicare and Medicaid Services

# MMIS Implementation

- Systems generally viable for 10-15 years
- 48-60 months for implementation
- Generally largest IT project in state
- Expensive to develop
- Limited number of vendors
- Fiscal agent, a private vendor, may operate the system for the state

# MMIS History in North Carolina

- EDS won original MMIS contract
  - HP acquired EDS in 2008
  - HP continues to operate legacy system
- New contract awarded in April 2004
  - Project managed by Office of MMIS Services (OMMISS)
  - ACS selected
  - Planned completion date of June 2006 slipped into 2007
  - In May 2006, State CIO notified DHHS that project would be suspended if issues were not resolved
  - DHHS terminated contract in July 2006
  - ACS and State settled in 2007

# MMIS History in North Carolina

- Second new contract
  - Awarded to CSC in December 2008
  - Schedule
    - Initial go-live date was August 22, 2011
    - CSC proposed an October 1, 2012 go-live date
    - Current go-live date is June 1, 2013
  - Numerous Changes
  - Cost
    - Original = \$265.2 million\*
    - Current = \$494.9 million\*

\*Office of the State Auditor, Performance Audit, DHHS-OMMISS  
Replacement MMIS Implementation, January 2012

# Office of the State Auditor MMIS Audit

- Completed 22 months late
- Overall costs exceed estimates by \$320.3 million
  - Schedule delays
    - Vendor anticipated using 73% of code from NY system; 32% actually usable
    - Higher than expected vendor staff turnover
    - Length of time required to review and approve project designs and deliverable exceeded budgeted amount
  - Federal and State mandates
  - Two additional years of operation



# Office of the State Auditor MMIS Audit

- DHHS/OMMISS did not fully document how it determined the amount of damages for which vendor was responsible
  - Contract did not define:
    - How responsibility for delays would be determined
    - How damages would be calculated
  - Necessary to negotiate damage assessment with vendor
  - Agreement four months vendor responsibility
    - \$10 million in damages
    - Contract amended so that neither party can obtain additional damages
- Office did not timely identify about \$30.4 million in unauthorized changes
  - Not aware of some changes for more than a year
  - Paid \$15 million for changes accepted

# MMIS Funds/Implementation of MMIS (Section 10.29)

- DHHS
  - Provide detailed cost information by August 1, 2011
  - Utilize prior year earned revenue/overrealized receipts/funds with reporting requirements
  - Expedite implementation of enhancements
  - Engage private counsel for amendments in excess of \$10,000,000
  - Develop revised project schedule by August 1, 2011

S.L. 2011-145

# **MMIS Funds/Implementation of MMIS (Section 10.29)**

- **DHHS (continued)**
  - Make quarterly progress reports beginning July 1, 2011
  - Submit reports on:
    - Reporting and Analytics Project
    - Division of Health Services Regulation Project

S.L. 2011-145

# MMIS Funds/Implementation of MMIS (Section 10.29)

- State Chief Information Officer
  - Ensure timely and effective implementation of project
  - Ensure project meets all State requirements for project management and immediately report any failures
  - Report immediately if any MMIS project goes “red” in the project portfolio management tool

S.L. 2011-145

# SCIO SB 991 Responsibilities

- Project review and approval
- Suspension of approval
- Performance contracting
  - Monetary penalties for projects not completed within specified time period or over cost
  - Performance bond
- Project manager review and approval
- Project management assistant designation

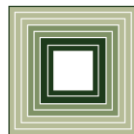
# Issues

- Timeline for Completion
- Legacy System
  - Contract
  - Differences in adjudication of claims
- Role of OMMISS
  - Role after MMIS implementation
  - Funding
  - Transition plan

# Questions

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